(b) if so, the steps taken to ensure no shortage of money for Doordarshan Channel-3?

THE MINISTER OF STATE IN THE MINISTRY OF INFORMATION AND BROADCASTING (SHRI P.M. SAYEED): (a) and (b) An additional requirement of funds has been projected to the Ministry of Finance as part of the normal mid-budgetary review to enable Doordarshan to give an impetus to its various developmental activities including the DD-3 channel.

High-cost power proposals

132. SHRI K.R. MALKANI: Will the Minister of POWER be pleased to state:

(a) whether Government have seen the Financial Express report (2nd October, 1995) that the Ministry of Power has been preferring high-cost Power proposals to the offers of internationally renowned companies willing to supply power at cheaper rates and lower capital costs;

(b) if so, the details of the two sets of offers; and

(c) the reasons for this inexplicable preference of Ministry of Power?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI URMILABEN CHIMANBHAI PATEL): (a) Yes, Sir.

(b) and (c) An evaluation of these offers can be made by the Central Electricity Authority (CEA)/Ministry of Power only after firm proposals are received from the concerned State Governments/State Electricity Boards/ Organisations for setting up a power plant at specific location, based on these offers. The concerned State Government/ State Electricity Boards/Organisations have to first of all evaluate these offers and, if found techno-economically suitable, come up with firm proposals before the CEA. The Government of India's involvement could come only thereafter. The Government however, ensures reasonableness of cost and tariff of private power projects through scrutiny at the level of State Electricity Boards/ State Governments and techno-economic appraisal by the Central Electricity Authority. The cost of private sector power projects cleared by the CEA so far, are found to be comparable to similar projects coming up in the public sector in a similar time frame as well as similar projects coming up in other developing countries. To introduce further competitiveness of prices, Competitive bidding has been made mandatory from 18.2.1995.

Revamping Power Policy

133. SHRI TRILOKI NATH CHATURVEDI:
DR. MURLI MANOHAR JOSHI:

Will the Minister of POWER be pleased to state:-

(a) whether Government have revamped the power policy and if so, what are the salient features of the same;

(b) whether Government have clearly defined the scope of domestic private sector vis-a-vis foreign participation in setting up new power projects; and

(c) whether Government have also laid guidelines regarding power tariffs and counter guarantees?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI URMILABEN CHIMANBHAI PATEL): (a) and (b) The Government announced the private power policy in October, 1991 which has been amended from time to time. Salient features of the policy are at statement (*see* below).

(c) Yes, Sir. Government have laid down norms for calculation of tariff vide Notification dated 30th March, 1992 with subsequent amendments dated 19th January, 1994, 24th August, 1994, 12th January, 1995 and 6th November, 1995. The Government have also laid down general parameters for issue of counter guarantee

by the Government of India for Private Sector Power Projects.

Statement

Incentives/Guidelines of the Policy to encourage greater private investment in power generation and distribution to TAP Additionality of resources

The following are the details of the scheme to encourage greater private sector participation in the electricity generation, supply and distribution:

* The Indian Electricity Act, 1910 and the Electricity (Supply) Act, 1948 have been amended to bring about a new legal, administrative and financial environment for private enterprises in the Electricity Sector.
* Private Sector can set up thermal projects (coal/gas) and hydel projects and wind/solar energy project of any size.
* Electricity Projects where the total outlay does not exceed Rs. 100 crores need not be submitted to the Central Electricity Authority for concurrence.
* Private sector companies can set up enterprises to operate either as licensees or as generating companies.
* All private companies entering the Electricity Sector hereafter will be allowed a debt-equity ratio upto 4:1.
* Promoter's contribution should be at least 11% of the total outlay.
* To ensure that private entreprenurs bring in additionality of resources to the sector, not less than 60% of the total outlay for the project must come from sources other than Public Financial Institutions.
* Upto hundred per cent (100%) foreign equity participation can be permitted for projects set up by foreign private investors.
* The condition of dividend balancing by export earnings which is normally being applied to cases of foreign investment upto 51% equity will not be applicable to foreign investments in the power sector.
* The rates for depreciation in respect of assets have been liberalised.
* With the approval of the Government, import of equipment for power projects will also be permitted in cases where foreign supplier (s) or agency (ies) extend concessional credit.
* The customs duty for import of power equipment has been reduced to 20% and this rate has also been extended to machinery required for modernisation and renovation of power plants.
* A five year tax holiday has been allowed.
* The excise duty on a large number of capital goods and instruments in the power sector has been reduced.
* Upto 16% return on the foreign equity included in the tariff can be provided in the respective foreign currency.
* Fixed costs can be recovered at 68.5% PLF. Attractive incentives are prescribed for performance beyond this PLF.
* Tariff can be fixed in deviation of norms stipulated in the March, 1992 tariff notification provided that the per unit tariff does not exceed the per unit tariff worked out on the basis of the norms.

Specific incentives for generating companies

* Normative parameters notified which inter alia provide for 16% return on equity at 68.5% PLF and upto 0.7% return on each incremental 1% PLF.
* Generating companies operating coal based, gas based and hydro projects can sell power on the basis of a suitably structured two part tariff.
* The tariff and other norms specified are the ceiling norms and allow

Boards and Generating Companies to agree on improved norms

* Premium raised by the Generating Company while issuing share capital and investment of internal resources created out of free reserve of existing company shall also be eligible for return of equity provided such amount is actually utilised for meeting the capital expenditure of the power generation project and forms part of the financial package approved by the Authority.
* The tariff norms for Hydro-electric projects have been liberalised such as providing Capacity charge, Primary Energy Charge, incentive of upto 0.7% rise in ROE for each percentage point increase in availability of installed capacity beyond 90%

The specific incentives for Licensees are:

* Licences of longer duration of 30 years in the first instance and subsequent renewals of 20 years instead of 20 and 10 years respectively as it was before.
* Higher rate of return of 5% in place of the previous 2% above the RBI rate.
* Capitalisation of Interest During Construction (DC) at actual cost (for expansion projects also) as against 1% over RBI rate as it was before.
* Special appropriations to meet debt redemption obligations.

Assistance Provided by IDBI

134. SHRI DILIP SINGH JUDEV: Will the Minister of FINANCE be pleased to state:

(a) whether Industrial Development Bank of India has provided assistance to large and joint industrial houses;

(b) if so, names of the industrial houses, details of assistance provided during the last five years, year-wise, company-wise;

(c) whether it is a fact that this amount has been released for various new projects of such companies in an unequitable manner;

(d) if so, what are the reasons therefor; and

(e) the terms and conditions laid down by IDBI in this context.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. DEBI PROSAD PAL): (a) Yes, Sir.

(b) The details of assistance sanctioned by the Industrial Development Bank of India (IDBI) to top 10 Industrial groups, in terms of sanctions of IDBI, under its direct finance schemes during the last five years are given below:

(Rs. crores)

Year	Amount sanctioned
1990-91	837.7
1991-92	1056.0
1992-93	2118.8
1993-94	2589.1
1994-95	4485.1

However, in accordance with the practices and usages customary amongst banks and in conformity with provisions of statutes governing public sector banks and financial institutions as also the provisions of Public Financial Institutions (Obligation as to Fidelity and Secrecy) Act, 1983, the information relating to individual constituents cannot be divulged.

(c) No Sir, IDBI has reported that it ensures that the funds disbursed are utilised by units for the purpose for which assistance is sanctioned. For this purpose, IDBI obtains auditors certificate for expenditure and sources of funds. Further, officials associated with the Project Implementation Committee scrutinise the expenditure incurred and finally project completion reports detailing expenditures and means of financing are called for and scrutinised.